MEMO

TO: **CEHD Committee**

FROM: **Darryl Taylor, Associate Regional Planner**
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SUBJECT: **Housing Implementation Strategies Pilot Program**

DATE: **July 31, 2003**

BACKGROUND:

Four-Part Housing Production Program / Existing Housing Planning Tools

In October of 2002 SCAG retained Dr. Rex Swanson and Jason Kamm of SK Metro Corp., to develop a housing development strategy in response to RFP #02-095. The strategy includes 10 Action Plans for the development of housing near transit throughout the region. The consultants worked on a collaborative basis with several local governments in the SCAG region. The project was completed in March of 2003.

This effort is a part of the Housing/Jobs Balance Program (H/JBP), a key element of the work program in the Planning & Policy Department, Community Development (CD) section. In November 1999, the Regional Council created a Four-Part Housing Program, which identifies priority program areas intended to lead to actual housing production. These areas are (1) Budget Priority, (2) Collaboration and Implementation, (3) Technical Assistance, Analysis, and Monitoring and (4) Legislation and Consensus Building. The Four-Part Housing Program is a major focus of work in the Community Development Section of SCAG's Planning and Policy Department.

SUMMARY:

This program's intent is to assist communities in producing housing, and to do so in a way that adds value to regional investment in transportation and other infrastructure. The consultants for this project, Dr. Rex Swanson and Jason Kamm of SK Metro Corp., distilled strategies and tools already produced by SCAG, and applied them at the sub-regional and local level to produce housing. The consultant then created action plans for the production of housing in a series of specific. It is intended that this effort will enhance the efficient coordination of land use planning and infrastructure investment in such a way as to produce measurable progress, by increasing the production of housing in key places in the region.

Housing Development Strategy

SCAG Study No. 02-095

Prepared By:
Metropolitan Development / SK Metro Corp.
302 West Grand Avenue, Suite #8
El Segundo, California 90245

Submitted March 10, 2003

Housing Development Strategy
SCAG Study #02-095

Summary of Effort

This effort was conceived to identify effective approaches to encourage in-fill residential development adjacent to existing transit assets. An initial effort involved identifying a housing development "tool kit" summarizing potential approaches to the development of housing adjacent to existing transit facilities. Subsequent to that effort a site selection matrix was prepared to select sites for further analysis. Selected sites were analyzed in detail specifying a strategy to cause residential development this analysis involved the following items:

- Site identification and description
- Site assessment regarding suitability for residential development
- Identification of Policy and/or Institutional Barriers and Site Constraints
- Market Assessment
- Specification of Actions to Encourage Residential Development
- Alternate models of potential public actions
- Identification of potential funding sources for suggested public actions
- Economic analysis of each model of public actions including complete developer economics
- Marketing strategy to interest appropriate developers
- Housing development Action Plan listing optional public actions and potential outcomes.

Ten sites were analyzed in six cities throughout southern California. The Cities selected were:

- Long Beach
- Hawthorne
- Covina
- El Monte
- Upland
- Santa Ana

Attached, for your perusal, are the Site Selection Matrix, summary of the Housing Development "Tool Kit" and an example site study (Site Study #1).

SCAG Study #02-095
Site Selection Matrix

Attached is a matrix rating various transit related sites for the Housing Development Study. The locations defined were determined by reviewing areas adjacent to all Metrolink and Light Rail Stations throughout the region. The criteria utilized in assessing these areas are listed below. The critical criteria ("*") are the first four as no action could be taken without these items being acknowledged in the affirmative. The ranking of the four critical criteria was completed after making contact with an appropriate municipality.

Criteria

1. Adjacent to Transit Asset*
2. Land suitable for residential development in the area*
3. Active City Interest*
4. Ability to complete Analysis within contractual time constraints*
5. Underutilized / vacant or inappropriate land uses
6. Publicly Owned Land
7. Under active review for land use changes
8. Availability of useable data on potential sites
9. Availability of Redevelopment tools.

SCAG Study #02-095
Site Selection Matrix – Light Rail/Subway Sites
March 7, 2003

Site	Adjacent to Transit Asset	Land Suitable for Residential Development in Area	Active City interest	Ability to complete analysis within contractual time constraints	Underutilized / vacant or inappropriate land uses	Publicly Owned Land	Under active review for land use changes	Availability of useable data on potential sites	Availability of Redevelopment tools	Total Score	Notes
Vernon	X									1	
Huntington Park	X	X						X	X	4	
Southgate	X	X			X			X	X	5	
Los Angeles (18)	X	X	X		X	X	X		X	7	
Compton	X	X			X				X	4	
Carson	X	X			X			X	X	5	
Long Beach (8)	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**9**	**Selected 3 Sites**
Norwalk	X	X			X			X	X	5	
Downey	X	X			X	X		X	X	6	
Lynwood	X	X			X	X		X	X	6	
Inglewood	X	X		X				X	X	5	
Hawthorne/Lennox	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**9**	**Selected 2 Sites**
El Segundo	X							X		2	
Redondo Beach	X	X	X		X			X	X	6	

SCAG Study #02-095
Site Selection Matrix – Metrolink Sites
Revised March 7, 2003

Site	Adjacent to Transit Asset	Land Suitable for Residential Development in Area	Active City interest	Ability to complete analysis within contractual time constraints	Underutilized / vacant or inappropriate land uses	Publicly Owned Land	Under active review for land use changes	Availability of useable data on potential sites	Availability of Redevelopment tools	Total Score	Notes
Anaheim (2)	X	X				X				3	
Baldlwin Park	X	X	X		X	X	X		X	7	
Burbank (2)	X		X						X	3	
Los Angeles (3)	X	X					X		X	3	
Camarillo	X	X								2	
Chatsworth	X	X								2	
Claremont	X	X						X		3	
Commerce	X								X	2	
Covina	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**9**	**Selected Site**
Ontario	X	X	X						X	4	
El Monte	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**9**	**Selected 2 sites**
Fontana	X	X							X	3	
Fullerton	X	X	X		X				X	5	
Glendale	X	X						X	X	4	
Industry	X								X	2	
Irvine	X	X		X		X	X	X		6	
Lancaster	X	X			X			X	X	5	
Montclair	X	X			X			X	X	5	
Moorpark	X	X						X		3	
Santa Clarita (2)	X	X								2	
Northridge	X	X								2	
Norwalk	X	X			X	X			X	5	
Oceanside	X	X	X		X	X		X	X	6	
Orange	X	X						X	X	4	
Oxnard	X	X			X	X		X	X	6	
Riverside (3)	X	X			X	X		X	X	6	
Pomona	X	X			X	X		X	X	6	
Rancho Cucamonga	X	X	X		X		x	X	X	7	
Rialto	X	X	Undetermined		X	X	X	X	X	7	
Upland	X	X		x	X	X		X	X	7	
Upland Adj to Montclair Station	**X**	**X**	**X**	**x**	**X**	**X**	**x**	**X**	**X**	**9**	**Selected site**
Acton	X									1	
Corona	X							X	X	3	
Santa Ana	**X**	**X**	**X**	**x**	**X**	**X**	**x**	**X**	**X**	**9**	**Selected site**

SCAG Study #02-095 - Site Study #1
City of El Monte – St. Louis Drive west of Tyler

Site Description

Location: St. Louis Drive west of Tyler Avenue, City of El Monte, California

Site Acreage: 6.45 Acres Comprised of the properties listed below:

	Assessor's Parcel	Listed Owners	Zoning	Acreage
1.	# 8575-017-003	Erickson, Wayne, etc..	M1	0.32
2.	# 8575-017-004	Lowell, Roderick	M1	0.46
3.	# 8575-017-005	Kay, Morton, etc..	M1	2.01
4.	# 8575-017-006	Fernandez, Jorge, etc...	M1	0.21
5.	# 8575-017-007	Fernandez, Jorge, etc...	M1	0.22
6.	# 8575-017-008	Fernandez, Jorge, etc...	M1	1.02
7.	# 8575-017-009	Lewit, Josesph, etc...	M1	2.21
			Totals	**6.45**

Area Description: The site is comprised of industrial buildings. The site is bordered by the Metrolink train tracks and El Monte Station to the south, Tyler Avenue to the East, a school and single family residential to the north, and industrial to the west. The site is located in the City of El Monte, California, approximately 1.5 miles north of the I-10 Freeway and 1.5 miles west of the I-605 Freeway.

Site Assessment

The site is an excellent candidate for redevelopment as housing. Immediately adjacent to the El Monte Metrolink transit station, the surrounding area is predominantly single family residential. Nearby shopping, schools, and government offices would support the residential uses anticipated. The site is within an adopted Redevelopment Project Area.

Identification of Policy and/or Institutional Barriers and Site Constraints for Residential Development

In terms of policy and/or institutional barriers, the site is currently zoned M-1 necessitating a zone change and General Plan change to accommodate the residential redevelopment. City staff has indicated an interest in detached, for-sale housing as an alternate use.

Currently there are seven separate parcels in five different ownerships comprising the site necessitating land assemblage. The need to assemble the property is a major constraint.

It is predictable that some environmental contamination may be present due to the existing land uses. The extent of contamination and cost of remediation will need to be determined.

Market Assessment

Consistent with City staff direction, it is anticipated that the residential re-use will involve the construction of detached single-family homes at a density of 12 units per acre. Other in-fill projects have been successfully developed in throughout the City of El Monte at 8-12 units per acre. In terms of market assessment, we focused on new residential as there appears to be a significant premium for new construction in the El Monte market. Listed below is a summary of new residential in-fill development in the City of El Monte.

Project Name	Square Footage	Price	Price per S.F.
Arden Village	1,600	$260,000 - $265,000	$162 - $165
Exline Village	1,600	$265,000 - $269,000	$165 - $168
Ranchito Park	2,200 – 2,300	$385,000	$167 - $175
Lansdale	1,600	$260,000	$162
Cortada Village	1,402	$258,000 - $265,000	$184 - $189
Dalewood	2,315	349,990	$151
	2,014	$339,990	$169
	1,935	$314,990	$163
	1,502	$269,990	$180
	1,620	$288,980	$178
Overall Price Range		**$258,000 - $385,000**	**$151 - $189**

There appears to be little price fluctuation based upon location. Pricing appears to fluctuate based upon unit size, lot size, and amenities. Based upon this information it is predicted that a developer would choose to develop homes in the mid to lower range of the larger market for this site. Accordingly we have projected the development of the site with two story homes of the following square footage and pricing.

	Square Footage	Average Price	Average Price PSF
Plan 1	1,550 sf	$265,000	$171
Plan 2	1,700 sf	$280,000	$165
Plan 3	1,850 sf	$295,000	$159

This pricing assumes the homes will be sold at full fair market value without any income restrictions.

Potential Actions to Encourage Residential Development (Housing Tool Kit)

After review of the potential incentives contained in previous SCAG studies as summarized in the "Housing Tool Kit" dated November 14, 2002, we have assumed three levels of public actions to encourage the redevelopment of residential uses. Each grouping of public actions will affect the economic requirements of private developers considering the project as the public actions will serve to reduce risk or cost incurred by the private developer. The economic analysis attached reflects the impact of each level

of public action in terms of a land residual reflecting the value of the land to a developer under the varying circumstances. The higher the residual land value the higher the probability that the residential redevelopment, will, in fact, occur. The three levels of public action anticipated are as follows:

Model #1 – Public Actions

1. Identification of the site as a potential residential development site.
2. Active marketing of the site to residential developers.
3. Encouragement for residential development proposals.
4. City explains potential availability of Location Efficient Mortgages (LEM) for potential buyers. Such a mortgage can ease buyer qualification and, potentially, increase housing values.

Model #2 – Public Actions

1. All actions in Model #1.
2. City adjusts zoning and General Plan.
3. City completes all environmental processing needed to achieve the residential project.
4. City adopts precise design standards for the site.

Model #3 – Public Actions *

1. All actions in Models #1 #2.
2. City/Agency completes all needed off-site facilities to accommodate the residential development.
3. City/Agency assembles the site for the development.

* *It is assumed that these actions will trigger prevailing wage requirements increasing construction costs.*

Identification of Potential Funding Sources for Suggested Public Actions

Listed below are potential funding sources for activities defined under the three models defined above:

Model #1 – Potential Funding Sources

1. Municipal General Fund Budget.

Model #2 – Potential Funding Sources

1. Municipal General Fund Budget.
2. Tax Increment Funds should site be located in a project area or if the development proposed acts as replacement housing.

Model #3 – Potential Funding Sources

1. Sources listed above.
2. Infrastructure Financing:
    a. Local Capital Improvement funds including eligible outside sources such as gas tax, transportation funds, etc…
    b. Mello-Roos Bond Financing
    c. California Infrastructure State Revolving Fund Program (ISRF)
3. Site Assemblage
    a. Developer Advance
    b. Agency Redevelopment Funds
    c. Municipal General Funds

Economic Analysis

Model #1 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the assemblage of seven different properties, the zoning and General Plan actions, project precise plan approval, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 20%. Based upon those return requirements, the land residual for the site is $10.41 per square foot of land.

Model #2 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the acquisition of the site. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 16%. Based upon those return requirements, the land residual for the site is $13.33 per square foot of land.

Model #3 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements, the land residual for the site is $15.82 per square foot of land.

Marketing Strategy

Key to achieving success for this transit related in-fill residential effort will be to generate interest from appropriate real estate developers. An initial step would be to select a person or organization within the municipal government to be responsible for marketing the site. Adequate, understandable information must be developed to communicate the expected outcome of the effort and the role of the developer. A single point of contact within the organization should be established and an outreach effort to appropriate developers should be initiated. Sources of information regarding the identity of appropriate developers include the following:

- Other Cities and Agencies
- Redevelopment Consultants
- Locally active real estate brokers
- California Redevelopment Association
- Urban Land Institute

Once a preliminary list of appropriate developers is developed, the Agency/City should initiate contact.

Housing Development Action Plan

It is anticipated that the acquisition of the subject site will total approximately $7 million ($25 psf ±). Based upon this assumption it is highly unlikely that residential redevelopment will occur under models #1 and #2. Under Model #3 the indicated public cost of causing residential development would be $2.55 million ± or $33,000 per unit.

In order to cause transit related residential in-fill the City of El Monte has three identifiable options:

Option #1

Invest $33,000 per unit in the subject site to cause the development to occur.

Option #2

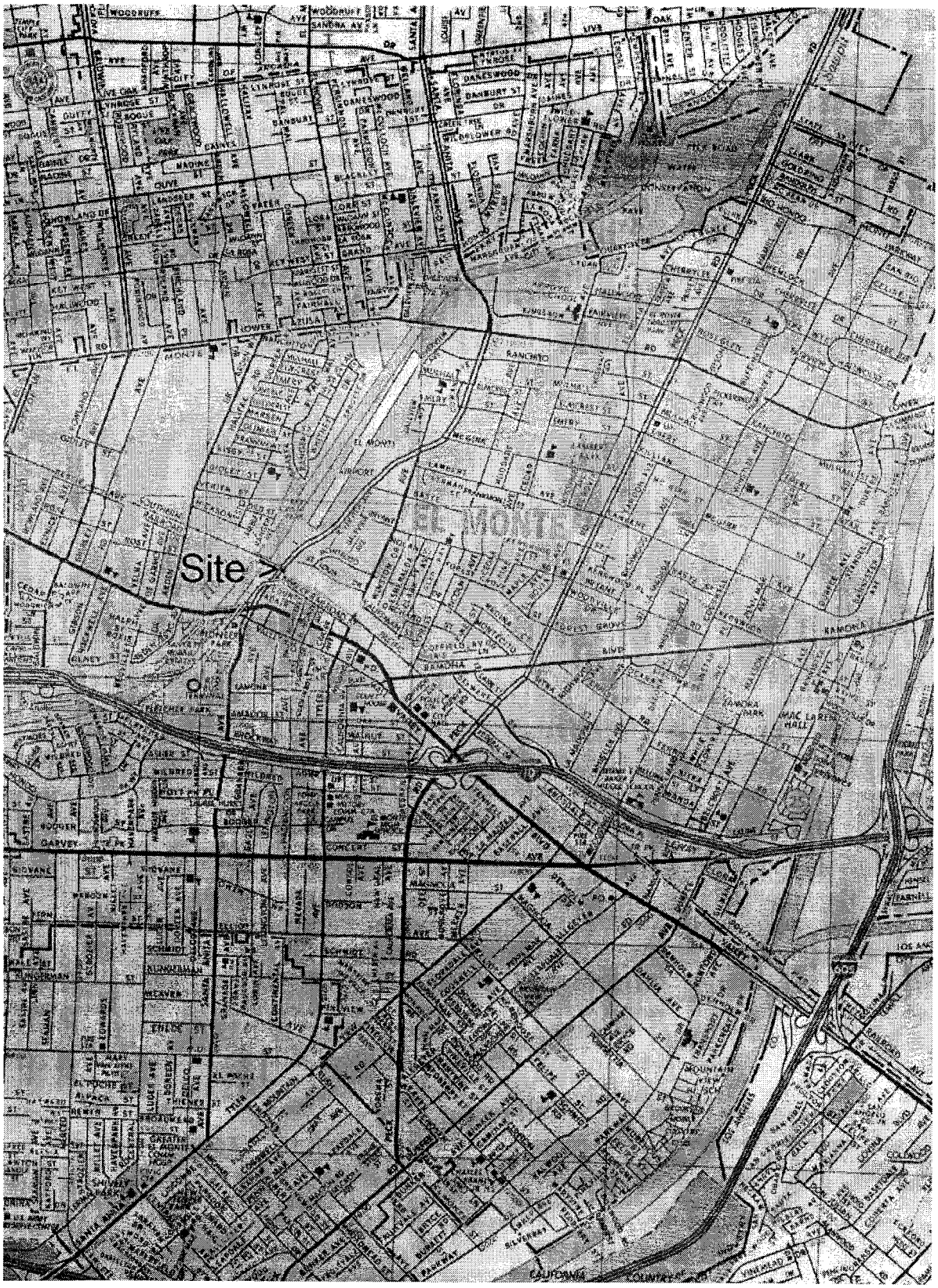
Increase the allowable density on the site to 14 units per acre. This will reduce the public required public subsidy by $729,000 to $20,000 per unit (see the attached financial analysis labeled "Model #3 Alternate")

Option #3

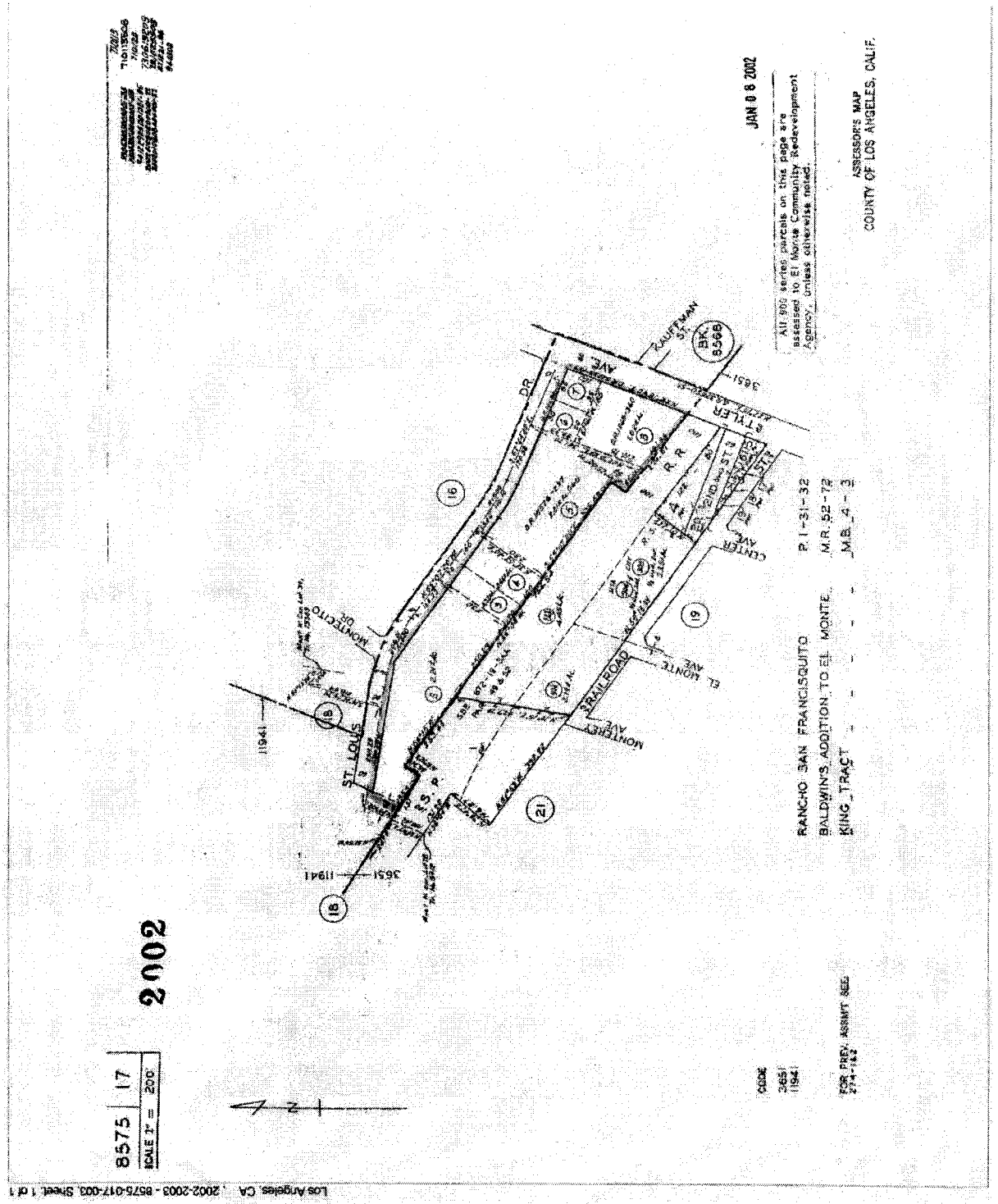
Locate a site that can be acquired for a lower price in the area such as vacant or partially vacant sites or sites featuring buildings with little or no value. A nearby vacant 4.3 acre industrial site on Gibson Road just north of Valley was recently on the market for approximately $15 psf. This site appears to be viable for residential development.

Attachments

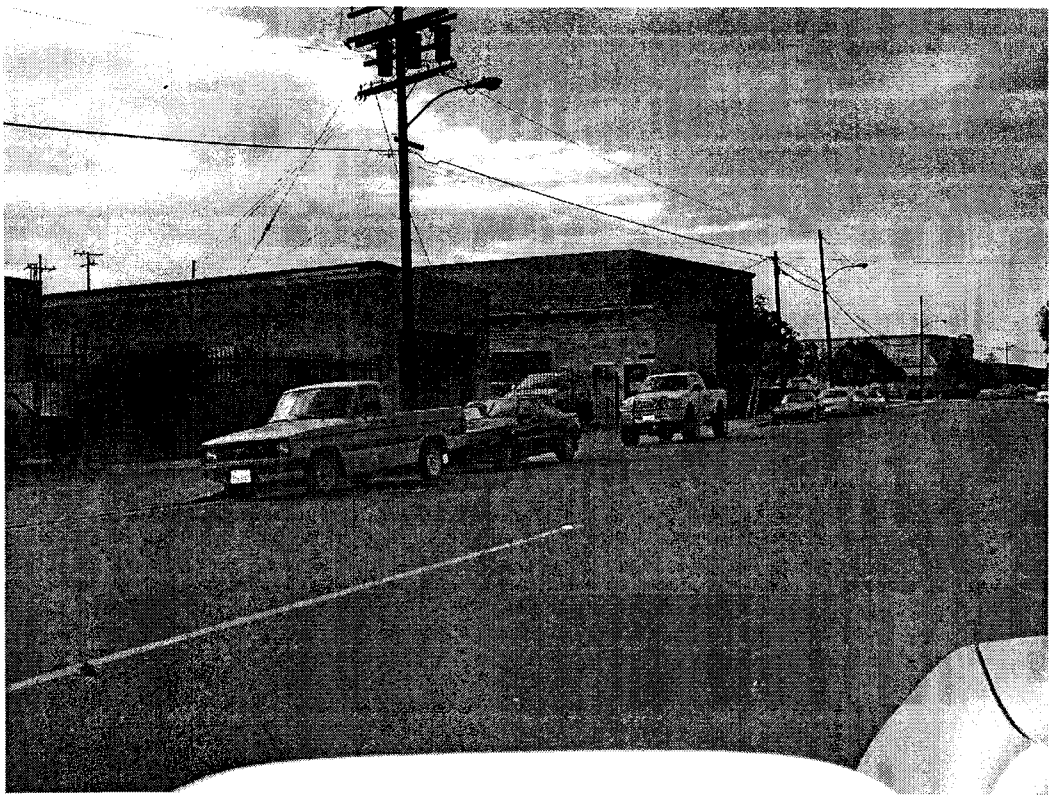
1. Map showing location of site
2. Assessor's Parcel Map
3. Photographs of Site
4. Model #1 Pro-Forma
5. Model #2 Pro-Forma
6. Model #3 Pro-Forma
7. Model #3 – Alternate Pro-Forma



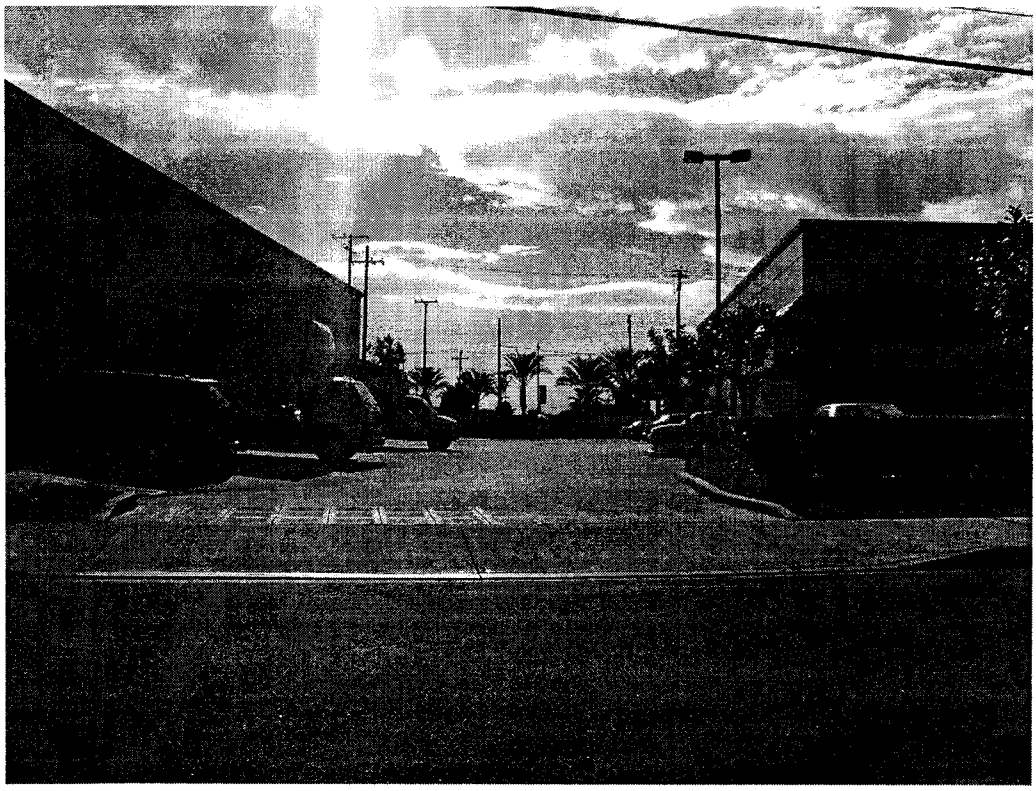
Street Map showing location of Site



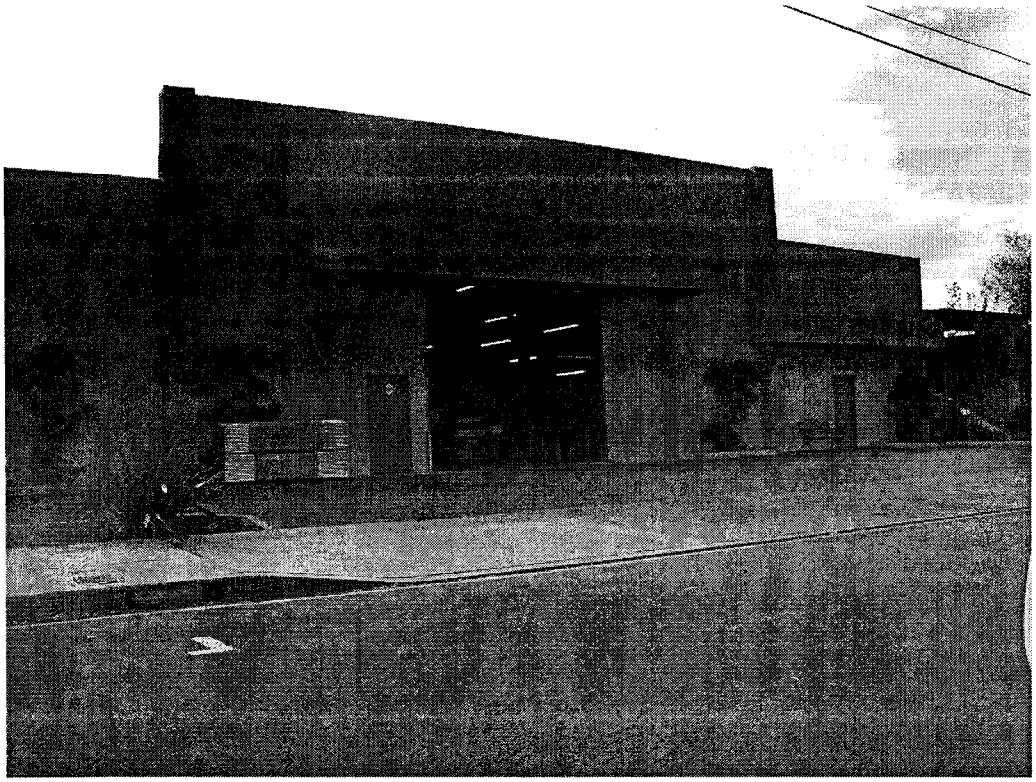
Assessors Map



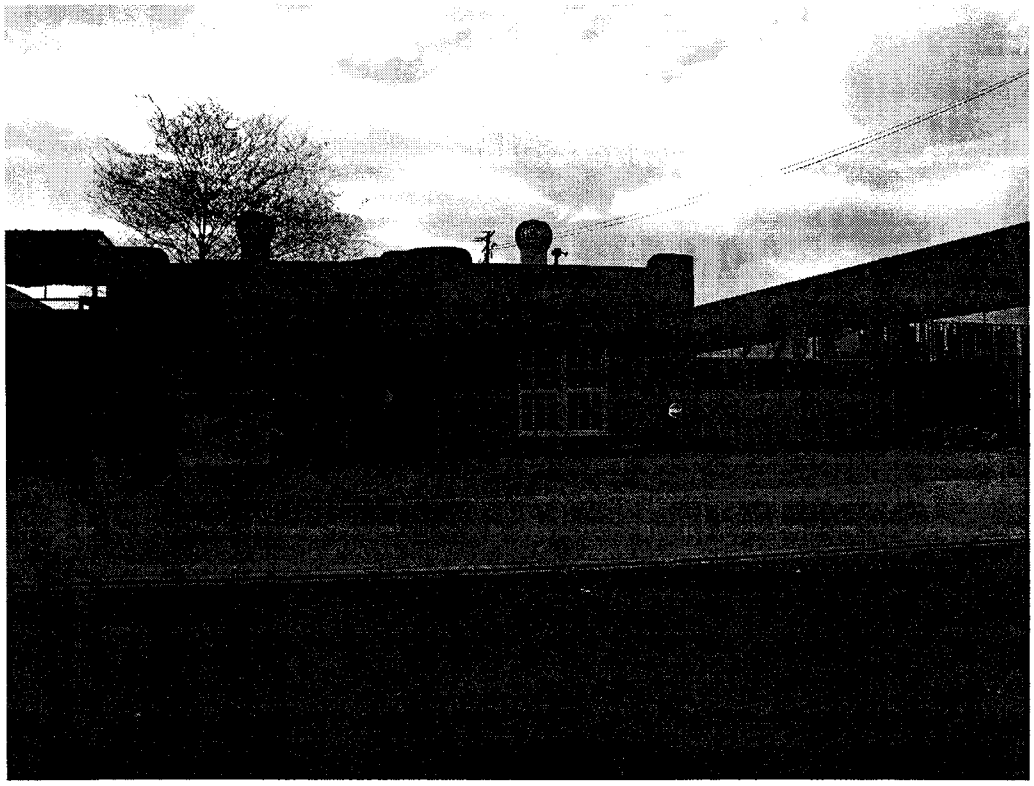
View of Site Along St. Louis Drive



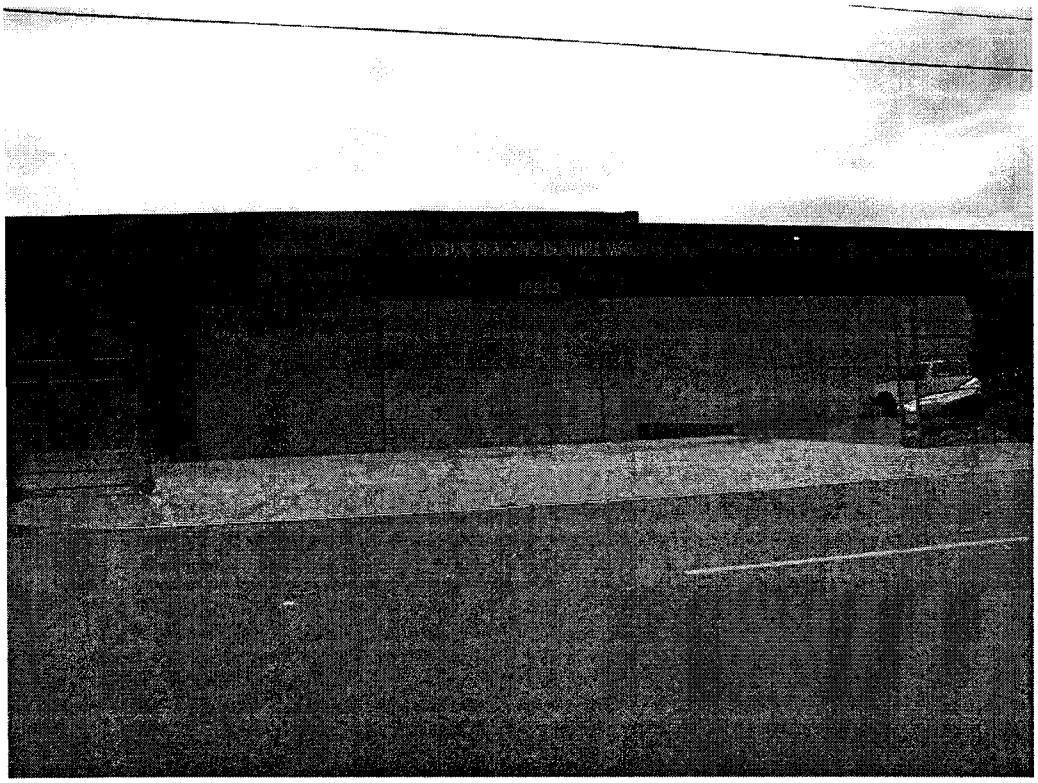
View of Site Along St. Louis Drive



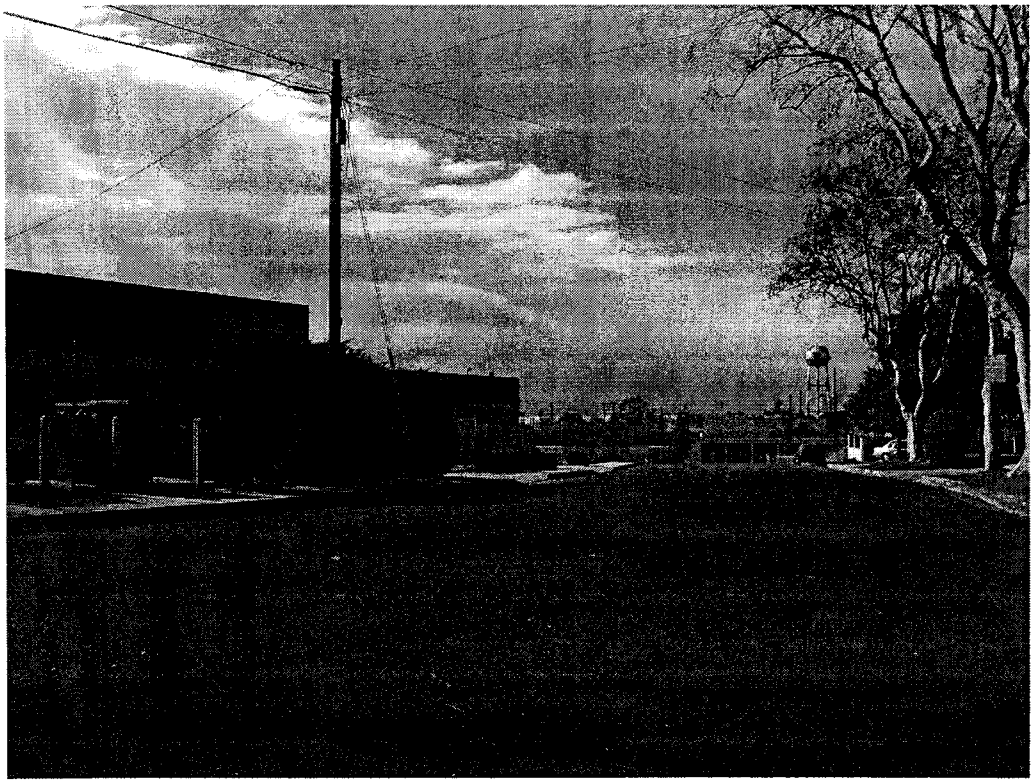
View of Site Along St. Louis Drive



View of Site Along St. Louis Drive



View of Site Along St. Louis Drive



View of Site Along St. Louis Drive

View of rear of Site from Metrolink Station

Land Residual Analysis
El Monte - St. Louis Drive - 6.45 Acres / 12 DUA / 78 Units - MODEL #1
January 27, 2003

Project Description

Site:	6.45	acres @	12.1	units per acre
Homes:	78	units @	1,700	square feet avg.
Average Sales Price:	$ 280,000			

Costs (Rounded)

Site Development / Fees / Land Acquisition		$ 2,658,000
Hard Costs / Construction Indirects		$ 8,512,000
Soft Costs		$ 3,458,000
Developer Profit (% of Sales)	19.63%	$ 4,287,000
	Total Costs	**$ 18,915,000**

Land Residual

Net Unit Sales		$ 21,840,000
Less: Costs		$ (18,915,000)
	Indicated Residual to Land	**$ 2,925,000**
	Indicated Residual Per Unit	**$ 37,500**
	Indicated Residual P.S.F.	**$ 10.41**

Land Residual Analysis
El Monte - Kauffman Street - 3.2 Acres / 12 DUA / 38 Units - MODEL #2
February 28, 2003

Project Description

Site:	3.20	acres @	11.9	units per acre
Homes:	38	units @	1,704	square feet avg.
Average Sales Price:	$ 280,395			

Costs (Rounded)

Site Development / Fees / Land Acquisition		$ 1,318,000
Hard Costs / Construction Indirects		$ 4,205,000
Soft Costs		$ 1,577,000
Developer Profit (% of Sales)	16.25%	$ 1,731,000
	Total Costs	**$ 8,831,000**

Land Residual

Net Unit Sales		$ 10,655,010
Less: Costs		$ (8,831,000)
	Indicated Residual to Land	**$ 1,824,010**
	Indicated Residual Per Unit	**$ 48,000**
	Indicated Residual P.S.F.	**$ 13.09**

METROPOLITAN DEVELOPMENT
PROJECT ASSUMPTIONS

PROJECT NAME: **El Monte - Kauffman Street - 3.2 Acres / 12 DUA / 38 Units - MODEL #3**

SALES ASSUMPTIONS: 3 PLANS ON 38 LOTS AS FOLLOWS:

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6
BASE SALES PRICE	$265,000	$280,000	$295,000	$0	$0	$0
# OF UNITS	12	13	13	0	0	0
SQUARE FOOTAGE	1,550	1,700	1,850	0	0	0
SALES MIX PERCENTAGE	32%	34%	34%	0%	0%	0%
SALES PRICE PER SQ. FT.	$170.97	$164.71	$159.46	$0.00	$0.00	$0.00

PREMIUMS	$0	Per Unit
OPTIONS/UPGRADES SALES	$0	Per Unit (NET)
OPTIONS/UPGRADES COST	$0	Per Unit
CONCESSIONS	$0	Per Unit
PROJECTED SALES PACE	2.00	per week provides sales period of
	6	months to closeout

COST ASSUMPTIONS:

LAND	$2,166,000	$57,000	per unit
LAND ACQUISITION			
Legal Costs (DDA/Deal)	30,000		
Title/Closing Costs	5,000		
Due Diligence	10,000		
Broker Commissions	0	0.00%	of land price
Non-Applicable Deposits	0		
Total Land Acquisition	45,000		

		Per Unit LD Cost	Per Unit Prof Serv	
LAND DEVELOPMENT COST	$950,000	$25,000	$22,500	$2,500
		Per Unit Fees	Per Unit Off-Sites	Per Unit Other $'s
FEES AND PERMITS	$247,000	$6,500	6,500	0	0

CLUBHOUSE/COMMON	$0	0 S.F.	0.00 P.S.F

DIRECT CONSTRUCTION:	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6
Square Footage	1,550	1,700	1,850	0	0	0
Number of Stories	Two	Two	Two	Two	Two	Two
Cost per square foot - Units	62.50	62.50	62.50	0.00	0.00	0.00
Cost per square foot - Parking	0.00	0.00	0.00	0.00	0.00	0.00
Per Square Foot Costs	62.50	62.50	62.50	0.00	0.00	0.00
Direct Contingency	$1.50	$1.50	$1.50	$1.25	$1.25	$1.25

CUSTOMER SERVICE RESER 0.75% of sales

Public Fees

School Fees	$0.00	0	$0
County Sewer - Condos	$0.00	0	$0
County Sewer - Single Famil	$0.00	0	$0
Park & Recreation	$0.00	0	$0
Plan Check	$0.00	0	$0
Building Permit	$0.00	0	$0
Geology	$0.00	0	$0
Focussed Traffic Study	$0.00	0	$0
Entitlements	$0.00	0	$0
Tract Map	$0.00	0	$0
Water HookUp	$0.00	0	$0
Storm Drain	$0.00	0	$0
Miscellaneous/Contingency	$6,500.00	38	$247,000
	Totals		**$247,000**
	Per Unit		**$6,500**

SCHEDULE ASSUMPTIONS:

		Projected Dates	
PROJECTED CLOSE OF ESCROW		01/01/04	
# OF DAYS AFTER COE TO START OF LAND IMPROVEMENTS	90 Days	03/31/04	
CONSTRUCTION SCHEDULE FOR LAND IMPROVEMENTS	120 Days	07/29/04	
# OF DAYS AFTER START OF LAND IMPROVEMENTS TO START OF MODEL COMPLEX	150 Days	08/28/04	
MODEL CONSTRUCTION SCHEDULE	100 Days	12/06/04	**Models Complete**
# DAYS AFTER START OF MODELS TO START OF OF SALES.	75 Days	11/11/04	**Sales Open**
# DAYS AFTER START OF MODELS TO START OF PRODUCTION	60 Days	10/27/04	
PRODUCTION HOUSING SCHEDULE	150 Days	03/26/05	**First Closings**
PROJECTED NUMBER OF CONSTRUCTION PHASES	38 Units per phase for	1 Phases	
PROJECTED SALES ESCROW PERIOD	60 Days		
PROJECTED CLOSEOUT OF PROJECT		05/25/05	

METROPOLITAN DEVELOPMENT
PROJECT ASSUMPTIONS

PROJECT NAME: **El Monte - Kauffman Street - 3.2 Acres / 14 DUA / 45 Units - MODEL #3 Alternate**

SALES ASSUMPTIONS: 3 PLANS ON 45 LOTS AS FOLLOWS:

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6
BASE SALES PRICE	$265,000	$280,000	$295,000	$0	$0	$0
# OF UNITS	15	15	15	0	0	0
SQUARE FOOTAGE	1,550	1,700	1,850	0	0	0
SALES MIX PERCENTAGE	33%	33%	33%	0%	0%	0%
SALES PRICE PER SQ. FT.	$170.97	$164.71	$159.46	$0.00	$0.00	$0.00

PREMIUMS	$0	Per Unit	
OPTIONS/UPGRADES SALES	$0	Per Unit (NET)	
OPTIONS/UPGRADES COST	$0	Per Unit	
CONCESSIONS	$0	Per Unit	
PROJECTED SALES PACE	2.00	per week provides sales period of	
	7	months to closeout	

COST ASSUMPTIONS:

LAND	$2,565,000	$57,000	per unit
LAND ACQUISITION			
Legal Costs (DDA/Deal)	30,000		
Title/Closing Costs	5,000		
Due Diligence	10,000		
Broker Commissions	0	0.00%	of land price
Non-Applicable Deposits	0		
Total Land Acquisition	45,000		

		Per Unit LD Cost	Per Unit Prof Serv
LAND DEVELOPMENT COST	$1,125,000	$25,000	$22,500	$2,500

		Per Unit Fees	Per Unit Off-Sites	Per Unit Other $'s
FEES AND PERMITS	$292,500	$6,500	6,500	0	0

CLUBHOUSE/COMMON	$0	0 S.F.	0.00 P.S.F

DIRECT CONSTRUCTION:	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6
Square Footage	1,550	1,700	1,850	0	0	0
Number of Stories	Two	Two	Two	Two	Two	Two
Cost per square foot - Units	62.50	62.50	62.50	0.00	0.00	0.00
Cost per square foot - Parking	0.00	0.00	0.00	0.00	0.00	0.00
Per Square Foot Costs	62.50	62.50	62.50	0.00	0.00	0.00
Direct Contingency	$1.50	$1.50	$1.50	$1.25	$1.25	$1.25

CUSTOMER SERVICE RESER 0.75% of sales

Public Fees

School Fees	$0.00	0	$0
County Sewer - Condos	$0.00	0	$0
County Sewer - Single Famil	$0.00	0	$0
Park & Recreation	$0.00	0	$0
Plan Check	$0.00	0	$0
Building Permit	$0.00	0	$0
Geology	$0.00	0	$0
Focussed Traffic Study	$0.00	0	$0
Entitlements	$0.00	0	$0
Tract Map	$0.00	0	$0
Water HookUp	$0.00	0	$0
Storm Drain	$0.00	0	$0
Miscellaneous/Contingency	$6,500.00	45	$292,500
Totals			**$292,500**
Per Unit			**$6,500**

SCHEDULE ASSUMPTIONS:

		Projected Dates	
PROJECTED CLOSE OF ESCROW		01/01/04	
# OF DAYS AFTER COE TO START OF LAND IMPROVEMENTS	90 Days	03/31/04	
CONSTRUCTION SCHEDULE FOR LAND IMPROVEMENTS	120 Days	07/29/04	
# OF DAYS AFTER START OF LAND IMPROVEMENTS TO START OF MODEL COMPLEX	150 Days	08/28/04	
MODEL CONSTRUCTION SCHEDULE	100 Days	12/06/04	**Models Complete**
# DAYS AFTER START OF MODELS TO START OF OF SALES.	75 Days	11/11/04	**Sales Open**
# DAYS AFTER START OF MODELS TO START OF PRODUCTION	60 Days	10/27/04	
PRODUCTION HOUSING SCHEDULE	150 Days	03/26/05	**First Closings**
PROJECTED NUMBER OF CONSTRUCTION PHASES	38 Units per phase for		1 Phases
PROJECTED SALES ESCROW PERIOD	60 Days		
PROJECTED CLOSEOUT OF PROJECT		06/24/05	

SCAG Study #02-095 - Site Study #2
City of El Monte – Kauffman Street, east of Tyler

Site Description

Location: Kauffman Street east of Tyler Avenue
City of El Monte, California

Site Acreage: 139,302 square feet or 3.2 Acres Comprised of the properties listed below:

	Assessor's Parcel	Listed Owners	Zoning	S.F.
1.	# 8568-030-001	All American Uniform	M1	6,690
2.	# 8568-030-002	All American Uniform	M1	13,360
3.	# 8568-030-003	All American Uniform	R3	4,730
4.	# 8568-030-004	Ayala, Ernesto,etc.	R3	12,290
5.	# 8568-030-005	Portney, Edward, etc.	R3	7,420
6.	# 8568-030-006	Martinez, Catarino, etc.	R3	7,420
7.	# 8568-030-007	Long, Gladyse, etc.	R3	7,420
8.	# 8568-030-008	Torres, Jose & Lupe	R3	7,420
9.	# 8568-030-009	Jimenez, Rodolfo	R3	7,420
10.	# 8568-030-010	Garcia, Charlotte	R3	7,420
11.	# 8568-030-011	Madrid, Jesse	R3	7,570
12.	# 8568-030-012	Cienfuegos, Tilly, etc..	R3	7,890
13.	# 8568-030-013	Calvary Assembly	R3	6,680
14.	# 8568-030-014	Calvary Assembly	R3	10,800
15.	# 8568-030-015	Calvary Assembly	R3	17,572
16.	# 8568-030-022	Turner, Robert	R1A	7,200
			Totals	**139,302**

Area Description: The site is comprised of industrial buildings, older single family homes, and a church. The site is bordered by the Metrolink train tracks to the south, Tyler Avenue to the west, and mixed residential neighborhood to the north and west. The site is located in the City of El Monte, California, approximately 1.5 miles north of the I-10 Freeway and 1.5 miles west of the I-605 Freeway.

Housing Development Action Plan

It is anticipated that the acquisition of the subject site will total approximately $2,786,000 ($20 psf +). Based upon this assumption it is highly unlikely that residential redevelopment will occur under models #1 and #2. Under Model #3 the indicated public cost of causing residential development would be $627,000 + or $11,500 per unit.

In order to cause transit related residential in-fill the City of El Monte has three identifiable options:

Option #1

Invest $11,500 per unit in the subject site to cause the development to occur.

Option #2

Increase the allowable density on the site to 14 units per acre. This will reduce the public required public subsidy by $404,000 to $5,000 per unit (see the attached financial analysis labeled "Model #3 Alternate")

Option #3

Locate a site that can be acquired for a lower price in the area such as vacant or partially vacant sites or sites featuring buildings with little or no value. A nearby vacant 4.3 acre industrial site on Gibson Road just north of Valley was recently on the market for approximately $15 psf. This site appears to be viable for residential development.

SCAG Study #02-095 - Site Study #3

City of Hawthorne – MTA Park and Ride Lot at NEC of Hawthorne & Imperial Hwy

Site Description

Location:	North of NEC of Hawthorne Boulevard & Imperial Highway County of Los Angeles, California
Site Acreage:	Site area assumed for development is estimated at 4 acres. The entire site is owned by the MTA.
Area Description:	The site is comprised of parking spaces served the Green Line park and ride lot. The site is bordered by the Century I-105 Freeway to the north, industrial buildings, apartments, and a motel to the south and southeast, and Hawthorne Boulevard to the west. The site is just northeast of the intersection of Hawthorne Boulevard and Imperial Highway.

Economic Analysis

Model #1 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements the projected land residual is $3,231,000 or $18.83 per square foot. Should the developer pay the cost of replacing the 436 spaces for MTA (estimated cost $2,831,000 or $6,500 per space) the residual value of the top deck for residential development would total $400,520 or $2.30 per square foot.

Housing Development Action Plan

Since MTA uses this property as a park and ride lot, it is difficult to estimate the potential cost to the City for the acquisition of the property if the City agrees to replace all of MTA's parking on-site. In order to cause transit related residential in-fill the City of Hawthorne will need to negotiate the acquisition with the MTA directly. Since the projected land residual is approximately $400,000 in addition to the replacement of the parking, the City will have some funds to work with in their negotiations. If the MTA wants funds in excess of that provided by the project, the City will need to assess the gap and potential funding available in making a determination of feasibility.

SCAG Study #02-095 - Site Study #4
City of Hawthorne – Junk Yard at NEC of Hawthorne & Imperial Hwy

Site Description

Location:	North of NEC of Hawthorne Boulevard & Imperial Highway County of Los Angeles, California
Site Acreage:	Site area for development is approximately at 1 acre. The entire site is owned by the Weiss family.
Area Description:	The site is currently used as a junkyard. The site is bordered by the MTA Park and Ride lot to the north, McDonald's to the south apartments and a motel to the east, and Hawthorne Boulevard to the west. The site is just north of the intersection of Hawthorne Boulevard and Imperial Highway.

Economic Analysis

Model #1 – Pro-Forma (10 du/acre)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals and one acquisition. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements the projected land residual is $700,000 or $16.07 per square foot.

Model #2 – Pro-Forma (10 du/acre)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements the projected land residual is $760,000 or $17.45 per square foot.

Model #3 – Pro-Forma (15 du/acre)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals and one acquisition. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements the projected land residual is $795,000 or $18.25 per square foot.

Model #4 – Pro-Forma (15 du/acre)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements the projected land residual is $855,000 or $19.63 per square foot.

Housing Development Action Plan

Due to the limited size of the site, the City should seriously consider marketing this site in conjunction with the adjacent MTA parcel to the north. The larger site would tend to interest larger, more sophisticated developers and would allow for a higher quality development of the area.

SCAG Study #02-095 - Site Study #5
City of Upland - SWC Arrow Route and Monte Vista Avenue

Site Description

Location:	SWC Arrow Route and Monte Vista Avenue City of Upland, California
Site Acreage:	39 Acres owned by Vulcan Materials Company ("Calmat"). The property is in escrow with a developer who is negotiating with the City Upland to develop the site.
Area Description:	The site is currently vacant. The site is bordered by Monte Vista to the east, Claremont Boulevard to the West, Arrow Route to the North, and a potential extension of Pacific Drive to the south (the "Site" or "Property"). The site is located in the City of Upland, California, approximately 2 miles north of the I-10 Freeway and 1.5 miles south of the of the I-210 Freeway. The Montclair Metrolink Station is approximately 1/4 of a mile to the east and the Claremont Metrolink Station is approximately ¾ of mile to the west. Currently, approximately 11 acres of the site is flat and at street grade. The balance of the site has been excavated as part of Calmat's operations and is in need of fill to bring it back to grade. The City of Upland has purchased a 37-acrea nearby property from Calmat to expand its existing storm water retention and aquifer recharge basin (the "Upland Basin"). Pursuant to a Joint Development Agreement with Calmat, the City will bear the full cost of processing, transporting and compacting approximately 500 to 700 thousand cubic yards of material from the expanded Upland Basin to the Site.

Economic Analysis

Model #1 – Pro-Forma (12 DUA Detached)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time, construction and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 12%. Based upon those return requirements, the land residual for the site is $10.33 per square foot of land.

Model #2 – Pro-Forma (7 DUA Detached)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time, construction and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 12%. Based upon those return requirements, the land residual for the site is $8.44 per square foot of land.

Housing Development Action Plan

In order to cause residential development of the site, the City of Upland must negotiate the desired density and design attributes of the residential component with the developer acquiring the site. Based upon this analysis the developer will prefer the higher density option (12 DUA) which produces a land residual some 22% higher than the 7 DUA option.

SCAG Study #02-095 - Site Study #6
City of Long Beach – NWC Long Beach Boulevard and Pacific Coast Highway

Site Description

Location: NWC of Long Beach Boulevard and Pacific Coast Highway
City of Long Beach, California

Site Acreage: 63,162 square feet or 1.45 Acres comprised of the properties listed below:

	Assessor's Parcel	Listed Owners	Zoning	S.F.
1.	# 7209-015-028	Skuljan, S & C	LBPD	28,066
2.	# 7209-015-021	Majid, Ishan	LBPD	13,159
3.	# 7209-015-027	SMLC, LLC	LBPD	21,937
			Totals	**63,162**

Area Description: The site is comprised of a car wash, related automotive uses and a parking structure. Long Beach Boulevard and Pacific Coast Highway is a major intersection and features commercial uses in this location. The site is located in the City of Long Beach, California, approximately 1 mile south of the I-710 Freeway and 1.5 miles west of the I-405 Freeway.

Economic Analysis

Model #1 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the assemblage of different properties, the project precise plan approval, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements, the land residual for the site is $14.53 per square foot of land.

Model #2 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements, the land residual for the site is $16.15 per square foot of land.

Housing Development Action Plan

Based upon the proformas attached, there is little difference in the residual land value in Model #1 and Model #2. However, the nature of the different ownerships and the existing property uses may make the acquisition of the property by a private developer very difficult and unlikely so we believe that the City/Agency should pursue Model #2. Due to the existing uses and the nature of parking structure, estimation of the costs to acquire the property are extremely speculative. Therefore we are unable to estimate the public investment needed to achieve the proposed development at this time. It is recommended that the City prepare an assessment of the potential acquisition and relocation cots prior to moving forward on this site.

SCAG Study #02-095 - Site Study #7
City of Long Beach – North Side of Anaheim, east of Long Beach Boulevard

Site Description

Location: North Side of Anaheim, east of Long Beach Boulevard
City of Long Beach, California

Site Acreage: 71,400 square feet or 1.64 Acres comprised of the properties listed below:

	Assessor's Parcel	Listed Owners	Zoning	S.F.
1.	# 7269-027-014	Sokchehoeung, Chong	LBPD	7,500
2.	# 7269-027-015	Sokchehoeung, Chong	LBPD	15,000
3.	# 7269-028-006	Rabenn, B&L,etc..	LBCC	5,000
4.	# 7269-028-019	Rabenn, B&L,etc..	LBCC	10,000
5.	# 7269-028-009	Dunbar, James	LBCC	7,500
6.	# 7269-028-018	Dominguez, Jose	LBCC	7,500
7.	# 7269-028-015	Macias, A & J	LBCC	5,500
8.	# 7269-028-020	Marfield Mgmt	LBCC	11,000
	Portion of Alley		N/A	2,400
			Totals	**71,400**

Area Description: The site is comprised on one vacant lot at the NWC of Anaheim and Elm and then one piece (divided by an alley) that stretches from Elm to Linden. Anaheim Street is primarily comprised of commercial uses in this location. Adjacent uses are automotive retail such as Kragen Auto Parts, retail, older single family homes, and a church. The site is bordered by Anaheim St. to the south, residential to the north, retail to the east and Kragen Auto Parts to the west. The site is located in the City of Long Beach, California, approximately 1 mile south of the I-710 Freeway and 1.5 miles west of the I-405 Freeway.

Economic Analysis

Model #1 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the assemblage of different properties, the project precise plan approval, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements, the land residual for the site is $11.76 per square foot of land.

Model #2 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements, the land residual for the site is $12.93 per square foot of land.

Housing Development Action Plan

Based upon the proformas attached, there is little difference in the residual land value in Model #1 and Model #2. However, the number and nature of the different ownerships would make the acquisition of the property by a private developer very difficult and unlikely so we believe that the City/Agency should pursue Model #2. If the entire site could be acquired for $25 psf then the land acquisition of the private land would be $1,725,000. If the City/Agency contributes the land in the alley between Elm and Linden at no cost, the projected gap is $801,000 or $28,600 per unit in Model #2.

If the City/Agency desires to pursue housing further, the marketing plan above can be utilized.

SCAG Study #02-095 - Site Study #8
City of Long Beach – SEC of Locust Avenue & 14th Street

Site Description

Location: Southeast Corner of Locust Avenue and 14th Street
City of Long Beach, California

Site Acreage: 73,817 square feet or 1.7 Acres comprised of the properties listed below:

	Assessor's Parcel	Listed Owners	Zoning	S.F.
1.	# 7269-015-028	Zipp, Steve	LBPD	4,317
2.	# 7269-015-032	Zipp, Steve	LBPD	2,139
3.	# 7269-015-034	Zipp, Steve	LBPD	26,450
4.	# 7269-015-033	Bushnell, Gwen	LBPD	18,321
5.	# 7269-015-900	City of Long Beach	N/A	15,060
6.		Portion of 14th Street	N/A	7,530
			Totals	**73,817**

Area Description: The site is currently vacant. Adjacent uses are automotive, retail, older single family homes, and a church. The site is bordered by the Automotive shops to the south, Retail to the west, commercial to the north, and a church and residential to the west. The site is located in the City of Long Beach, California, approximately 1 mile south of the I-710 Freeway and 1.5 miles west of the I-405 Freeway.

Economic Analysis

Model #1 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the assemblage of different properties, the project precise plan approval, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements, the land residual for the site is $13.12 per square foot of land.

Model #2 – Pro-Forma

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will only bear time and risks associated with the final approvals. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements, the land residual for the site is $14.28 per square foot of land.

Housing Development Action Plan

Based upon the proformas attached, there is little difference in the residual land value in Model #1 and Model #2. Based upon public records, the 32,900 square feet of the site owned by Steve Zipp was purchased in January of 2003 for $684,000 or $20.80 psf. If the entire site could be acquired for $23 psf then the land acquisition of the private land would be $1,178,000. If the City/Agency contributes the land in 14th Street and in the median to the project at no cost, the projected gap is $206,000 or $7,100 per unit in Model #1 and $121,500 or $4,200 per unit in Model #2.

Though the acquisition of the site by the City/Agency would lead to more certainty of development, the City could proceed with either Model #1 or Model #2 if there is a source for the land gap and the housing is desired by the staff and community.

SCAG Study #02-095 - Site Study #9
City of Santa Ana – Civic Center Walk Project

Site Description

Location:	Santa Ana Blvd / Brown Street / Garfield Street / Lacy Street City of Santa Ana, California
Site Acreage:	The total area of the potential project area is approximately 10 acres.
Area Description:	The site is currently developed as a mix of older, obsolete multi-family and single family residential. The Santa Ana Regional Transportation Center is within walking distance to the east. North of the site is the historic French Park residential area featuring a City park and over 150 historic residences and commercial buildings. The area serves as a gateway to the Downtown Santa Ana to the west. Downtown is a government center with substantial commercial development.

Economic Analysis

Model #1 – Pro-Forma (6 DU/Acre Detached)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements, the land residual for the site is $6,900,000 or $15.84 per square foot of land.

Model #2 – Pro-Forma (11 DU/Acre Detached)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements, the land residual for the site is $8,800,000 or $20.24 per square foot of land.

Model #3 – Pro-Forma (Townhomes @ 18 DU/Acre)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 10%. Based upon those return requirements, the land residual for the site is $6,300,000 or $14.46 per square foot of land.

Housing Development Action Plan

The City of Santa Ana needs to select the type and density of housing desired on the site and commence the public actions defined above. Based upon this analysis, Model #2 (11 du/acre detached) has the highest probability of success.

SCAG Study #02-095 - Site Study #10
City of Covina – Park Avenue, North of San Bernardino Road / East of Citrus

Site Description

Location: Park Avenue, North of San Bernardino Road / East of Citrus, City of Covina, California

Site Acreage: 3.49 Acres Comprised of the properties listed below:

	Assessor's Parcel	Listed Owners	Zoning	Acreage
1.	# 8430-025-001	Menrad Trust	M1	0.52
2.	# 8430-025-002	Menrad Trust	M1	0.09
3.	# 8430-025-003	Menrad Trust	M1	0.09
4.	# 8430-025-004	Menrad Trust	M1	0.18
5.	# 8430-025-018	Russ Davis Ford	M1	0.55
6.	#8430-024-016	Pokorski/Steiber	M1	0.72
7.	# 8430-024-014	Pokorski/Steiber	M1	0.18
8.	# 8430-024-012	Clippenger, Norman	M1	0.51
9.	Park Ave Street	City of Covina – 70'x390'		0.63
			Totals	**3.47**

Area Description: The site is comprised of automotive uses and parking. The site is on both sides of Park Avenue, bordered by San Bernardino Road the south, an alley west of 2nd Avenue to the East, Front Street to the north, and an alley east of Citrus to the west. The site is located in the City of Covina, California, approximately 2 miles north of the I-10 Freeway and 3 miles south of the of the I-210 Freeway. The Covina Metrolink Station is approximately 1/10 of a mile to the north.

Economic Analysis

Model #1 – Pro-Forma (12 DU/Acre Detached)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the assemblage of multiple properties, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements, the land residual for the site is $17.91 per square foot of land.

Model #2 – Pro-Forma (Towhomes @ 22 DU/Acre)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the assemblage of multiple properties, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements, the land residual for the site is $15.14 per square foot of land.

Model #3 – Pro-Forma (Stacked Flat Condominiums @ 35 DU/Acre)

The attached pro-forma and land residual is based upon the assumptions listed above and assumes that the developer will bear time and risks associated with the assemblage of multiple properties, construction risks and market risks. Based upon these factors, a private developer will look for a minimum return on project costs of approximately 15%. Based upon those return requirements, the land residual for the site is $14.00 per square foot of land.

Housing Development Action Plan

The City of Covina needs to select the type and density of housing desired on the site and commence the public actions defined above. Based upon this analysis, Model #1 (12 du/acre detached) has the highest probability of success.